



B | S | T The Black Sea Trust
for Regional Cooperation
A PROJECT OF THE GERMAN MARSHALL FUND



Dniester River Basin



FOREIGN POLICY AUDIT: UKRAINE- MOLDOVA

Olena Betlii

DISCUSSION PAPER





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1. INTRODUCTION

Petro Mohyla (1596-1647) is a symbolic and uniting figure for the Ukraine-Moldova relations primarily as a reminder of the common European space in Eastern Europe. Born in a family of Moldovan hospodars, Mohyla was a noble and well-educated voivode and the metropolitan of Kyiv. He faced no lesser challenges than modern ones and was able to lead his flock through them by implementing a series of measures to raise a new, educated generation and by relying on the ancient Christian Rus' identity. We would call someone like Mohyla a successful reformer, while his contemporaries referred to him as a defender of Rus' rights, one who brought peace to Rus' and "did and fixed everything well".¹

By choosing "European integration as a strategic goal of both states", Ukraine and Moldova are again building their bilateral relations in the common European space

By choosing "European integration as a strategic goal of both states",² Ukraine and Moldova are again building their bilateral relations in the common European space. The strengthening of their statehood also depends on successful reforms and

the restoration of political identity. Moreover, European integration can be viewed as a stimulus to enhancing bilateral cooperation through joint project implementation and the common experience of Europeanization.

The European choice of Ukraine and Moldova is also underscored by the symbolic political gestures of the leadership of the two countries. Prime Minister of Moldova Iurie Leancă made a working visit to Kyiv and met with Arsenii Yatseniuk, who had just assumed the premier's office, on 17 March 2014, at a difficult time when Ukraine faced Russian aggression in the Crimea. This visit was an expression of Chişinău's pro-Ukrainian policy, showing that it needed a democratic European neighbor. The visit of President of Ukraine Petro Poroshenko and President of Poland Bronisław Komorowski to Chişinău on

¹ *Наталія Яковенко, Нарис історії середньовічної та ранньомодерної України. – К., 2005. – с.288-292.*

² *Ион Стэвилл: «Украина сталкивается с теми же проблемами, что и Молдова, особенно в плане сепаратизма», 24/02/2015, <http://www.europalibera.org/a/26865873.html>*

20 November 2014, on the eve of the parliamentary elections, was perceived as a gesture of support for pro-European forces in Moldova. “There will be no alternative to the European path of Moldova’s development,” Poroshenko said during the visit.³ The importance of further mutual support of pro-European forces and European aspirations continued to be emphasized. In another symbolic political gesture, Moldova’s Minister of Defense was present at a parade to mark the 25th anniversary of Ukraine’s independence in Kyiv, and his Ukrainian counterpart returned the favor by attending a similar parade in Chişinău. Interparliamentary cooperation is also well-established, largely thanks to MP Pavlo Unhurian, who has thorough knowledge of the situation in Moldova and the development of the Ukraine-Moldova relations and heads the group for interparliamentary relations with the Republic of Moldova. Cooperation between Ukraine’s and Moldova’s delegations in PACE permits using this platform to protect the territorial integrity of the two countries.

At present, cooperation between Ukraine and Moldova can be described as active and intensive. When the office of Ukraine’s ambassador to Moldova was vacant (November 2014 – September 2015), the

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resolution of certain issues was slowed down. Moreover, certain “stagnation” in the bilateral relations has always been linked to Russian aggression. However, 2016 is a breakthrough year marked by intensified dialogue at the top level and the preparation of a series of bilateral events: President Poroshenko met with Prime Minister of Moldova Pavel Filip in Odesa Oblast on 7 October 2016. First Vice Prime Minister and Minister of Economic Development and Trade Stepan Kubiv is scheduled to meet with Vice Prime Minister and Minister of Economy Octavian Calmîc in Chişinău in 2016 to resume the activities of the commission. (The two ministers co-chair an intergovernmental commission.) Moreover, prime ministers Volodymyr Hroisman and Filip will open the Bronnytsia-Unguri bridge with customs checkpoints by the end of 2016. No less active is dialogue between the defense, environment, infrastructure ministries and the

³ Президент України у Кишиневі провів переговори з президентами Молдови та Польщі, 20/11/2014, <http://www.president.gov.ua/news/prezident-ukrayini-u-kishinevi-proviv-peregovori-z-prezident-34082>

border guard and customs services. Cooperation has the form of package deals following the principle “nothing is agreed upon until everything is agreed upon”, so the success of these agreements largely depends on the effective coordinating role of the ministries of foreign affairs of Ukraine and Moldova.

Both sides now demonstrate the will to fulfill previously reached agreements and move on to the next stage in their relations

Thus, both sides now demonstrate the will to fulfill previously reached agreements and move on to the next stage in their relations. In particular, each side proposes focusing on dialogue as the best format for fulfilling package agreements, treating the respective areas of bilateral cooperation not as problems but as issues already being addressed. Correspondingly, there is a reason for tentative optimism that four groups of problems in the Ukraine-Moldova relations previously identified by experts (border demarcation, mutual claims to property, conditions for the operation of the Dniester Hydroelectric Station (Dniester HES-1), and environmental issues)⁴ will be resolved.

Apart from the effective and rapid fulfillment of package agreements and the successful implementation of the AA and DCFTA with the EU, which are in the interests of the two states, the following interests can be singled out:

Ukraine's interests toward Moldova:

- control over the state border between Ukraine and Moldova, especially along the Dniester, which is a security factor for Ukraine;
- resistance to Russian propaganda and increasing the impact of Ukraine's soft power in Moldova;

⁴ Леонід Літра, *Україна-Молдова: нічого не узгоджено, поки все не узгоджено*, 28/09/2012, http://gazeta.dt.ua/POLITICS/ukrayinamoldova_nichogo_ne_uzgodzheno,_poki_vse_ne_uzgodzheno.html

- expansion of economic cooperation and Chişinău's friendly economic policy, which will make it impossible to use the tool of trade wars in the future;
- multilateral cooperation with the Ukrainian diaspora in Moldova;
- settling the conflict in Transnistria.

Moldova's interests toward Ukraine:

- international security and the restoration of Ukraine's territorial integrity;
- development of infrastructural projects as a platform for more extensive cooperation and tourism;
- environmental situation;
- control over the border between the two states;
- development of economic relations;
- cooperation with the regions of Ukraine;
- support for the Moldovan minority in Ukraine;
- settlement of the Transnistria conflict.

2. UKRAINE'S INTERESTS TOWARD MOLDOVA AND MOLDOVA'S INTERESTS TOWARD UKRAINE

2.1. NO PROBLEMS, JUST QUESTIONS: PACKAGE AGREEMENTS

The agenda for bilateral cooperation between Ukraine and Moldova is determined based on progress in the implementation of protocol decisions of the intergovernmental Ukraine-Moldova Commission for Trade and Economic Cooperation created in 1995. Its activities are focused on such areas of cooperation as trade and economy, agribusiness, industry, fuel and energy, telecommunications, construction of affordable housing, interregional cooperation, settlement of border issues, environment protection, and health care. The history of the commission's operation is a good example of how complex diplomatic compromises are found and constructive dialogue is sought to resolve issues inherited from the common Soviet past, particularly border demarcation and ownership title to facilities built in the Soviet period (recreation facilities located in Ukraine that should be recognized Moldova's property and a part of the dam of the Dniester HES-2 which Ukraine is interested in and which is located

The agenda for bilateral cooperation between Ukraine and Moldova is determined based on progress in the implementation of protocol decisions of the intergovernmental Ukraine-Moldova Commission for Trade and Economic Cooperation

in the territory of Moldova). Unfortunately, the commission has failed to settle these disputes promptly. Breaks between its meetings sometimes reached many years: the 12th meeting took place in 2006, the 13th in 2011, and the 14th was scheduled for 2012 in Kyiv but has yet to take place. However, according to one tentative optimistic forecast, the commission will

meet very soon. Meanwhile, the agencies of the two countries are in contact to draft protocols according to which the issues with border demarcation, ownership rights, and the agreement on the Dniester Hydroelectric Station will be settled.

The package of questions which will determine whether Ukraine and Moldova will move on to a new bilateral agenda includes the drafting of several documents to be signed at the 14th meeting of the intergovernmental commission: the protocol on the legal status (ownership) of objects of the Republic of Moldova located in the territory of Ukraine; the protocol on the legal status (ownership) of

the buffer hydroelectric facility of the Dniester Hydroelectric Complex; an agreement between the Cabinet of Ministers of Ukraine and the government of the Republic of Moldova on ensuring the operation of the Dniester Hydroelectric Complex; a decision of the joint Ukraine-Moldova demarcation commission to demarcate the state border near the buffer hydroelectric facility of the Dniester Hydroelectric Complex; a decision of the joint Ukraine-Moldova demarcation commission to demarcate the state border near Giurgiulești. To our knowledge, working expert groups (sectoral commissions) have already worked out the details of the documents and the next step is the final agreement.

Despite the package principle adopted for cooperation, individual issues have sometimes been considered separately. For example, it was a breakthrough decision by Moldova to give Ukraine ownership rights to the 7.7-kilometer stretch of the Odesa-Reni highway and the land under it near Palanca in 2011. However, the road needs to be cleared of snow in wintertime, so the issue of land along the road arose. In this particular case, the solution took 10 years to achieve, because this land was handed over to Ukraine under the Agreement about the State Border and an Additional Protocol thereto ratified by the parliaments of the two countries in 2001.⁵

Ownership of 430 meters of access to the Danube near Giurgiulești, which is recognized as Moldova's property under the abovementioned agreement on the state border, requires even more time to settle. In this case, two border signs will need to be set up. However, this can only be done when the state border near the Dniester HES-2 is demarcated, which depends on the recognition of Ukraine's ownership right to a part of the buffer hydroelectric facility, a 17-hectare water reservoir on the Dniester's right bank.⁶ This area was given to the

⁵ *Сергій Пирожков Посол України в Молдові: «Після 20 років «рухаємося разом до ЄС», 25/07/2011, <http://mfa.gov.ua/ua/press-center/interviews-and-articles/51-sergij-pirozhkov-posolukrajini-v-moldovipislya-20-rokiv-ruhajemosya-razom-do-jes>*

⁶ *Леонид Осаволюк: При наличии политической воли можно урегулировать все проблемы на границе, 28/03/2014, http://gazeta.zn.ua/internal/leonid-osavolyuk-pri-nalichii-politicheskoy-voli-mozhno-uregulirovat-vse-problemy-na-granice-_.html*

Ukrainian SSR in 1981 for the construction of a hydroelectric pumped storage power station under Resolution No. 372 of the Council of Ministers of the Moldavian SSR. The Soviet resolution became invalid, and this area and the fact that the construction of the Dniester HES-2 was completed without Moldova's involvement led to tensions between the two sides. The issue was overly politicized, and a pointed public discussion ensued in Moldova. Ukraine's desire to obtain a long-term lease on the territory under the Dniester HES-2 was viewed as Chişinău's leverage to force Kyiv to negotiate.⁷ At the same time, the intensity of bilateral interagency dialogue and preparations for the meetings of the intergovernmental commission at the present stage give hope that the issue will finally be settled in a manner that will satisfy both states in the near future.

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Resolving disputes goes in parallel with the development of other areas of cooperation. In particular, during the negotiations in the Ukraine-Moldova working group on transportation in Chişinău on 28-29 July 2016, the sides reached fundamental decisions which will still need to be

implemented. First, road transportation is going to be liberalized, and permits for transit of cargo trucks between Ukraine and Moldova are going to be cancelled. The decision is thought to be beneficial primarily for Moldova. Second, air transportation will be liberalized, which will be beneficial for Ukrainian air carriers as the allowed frequency of flights will be increased. At the same time, officials have agreed on the construction of a bridge over the Dniester between Yampil (Ukraine) and Soroca (Moldova). The European Bank for Reconstruction and Development and the EU are to become the donors of this project.⁸ The respective agreements are to be signed next time the premiers of Ukraine and Moldova meet.

⁷ Молдовський камінь на шляху України до НАТО, 04/04/2008, <http://versii.cv.ua/new/moldovs-kij-kamin-na-shlyahu-ukrayini-d/122.html>; Ксения Флоря, Украина Молдове: Днестр в обмен на пару баз отдыха, 26/07/2016 http://www.noi.md/ru/news_id/88453#close

⁸ В Кишиневі відбулися переговори в рамках молдавсько-української Робочої групи з питань транспорту, 30/07/2016, <http://mtu.gov.ua/news/27396.html>

The above projects are another example of mutually beneficial concessions on the part of both Kyiv and Chişinău. Moreover, it should be noted that Moldova, whose economic development depends on access to international markets, is especially interested in developing infrastructure projects. On its initiative in 2015, the sides brought back the question of resuming train connection between Berezyno (Ukraine) and Basarabeasca (Moldova). The mass media immediately popularized this decision as “the construction of train connection skirting Transnistria”. In practice, however, its implementation will make it possible to transport Moldovan cargo to Odesa's ports. Moldova is also interested in developing highways and views cooperation in infrastructure as a uniting factor that helps the two countries to join forces in implementing common projects. In particular, Chişinău is closely watching the construction of a highway from Poland to Romania via the territory of Ukraine (road repairs are already taking place between Lviv and Ivano-Frankivsk and between Ivano-Frankivsk and Chernivtsi) and Moldova. Mobility that will be achieved with the completion of this highway will foster the region's economic development and increase its attractiveness for tourism.

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2.2. ECONOMIC COOPERATION: PROTECTIONISM OR FREE TRADE?

In May 2016, Minister of Foreign Affairs of Ukraine Pavlo Klimkin proposed to “gradually extend the EU's common market to the states that have signed Association Agreements with the EU and to introduce an additional format of cooperation on issues connected with FTA implementation, harmonizing rule of law systems and increasing cooperation in uniting transportation and energy networks and student and youth exchange”.⁹ Head of the EU Delegation to Ukraine Jan Tombiński spoke favorably about this initiative as he completed

⁹ Павло Клімкін взяв участь у Міністерській зустрічі країн-учасниць ініціативи Східне партнерство, 23/05/2016, <http://mfa.gov.ua/ua/press-center/news/47843-pklimkin-vzyav-uchasty-u-ministersykyj-zustrichi-krajn-uchasnyci-iniciativiskhidne-partnerstvo>

his mission in Kyiv. In particular, he referred to the experience of the Central European Free Trade Association which let Central European countries test their economies and acquire experience of cooperation before joining the EU.¹⁰ How much progress has been made by the diplomats of the Black Sea triple (Ukraine, Moldova, and Georgia) along this line is not clear. However, the very fact of this cooperation format may suggest that Kyiv, for one, has plans to single out the states that have signed the Association Agreement with the EU into a separate group within the Eastern Partnership initiative. This may be a good stimulus to increase cooperation through the exchange of experience in AA and DCFTA implementation and abandonment of the practice of vying for the position of the EU's "favorite" and most advanced associated partner.

GUAM is becoming another area for closer multilateral economic cooperation between Ukraine and Moldova

GUAM is becoming another area for closer multilateral economic cooperation between Ukraine and Moldova. On the initiative of Prime Minister of Ukraine Hroisman, the member states have reopened the issue of introducing a free trade zone in GUAM, and it will be on the agenda of the forthcoming meeting of premiers. At the same time, Ukraine is negotiating the inclusion of its proviso: "In determining the country of origin of white sugar produced from raw cane sugar (commodity heading code 1701), Ukraine reserves the right to apply a replacement of the commodity heading at the level of at least one of the first four symbols".¹¹ If the sides reach an agreement on this issue, the GUAM free trade zone may become an additional framework for increasing cooperation in the region. (An agreement to create such a zone was signed in the GUUAM format back in 2002.)

The participation of Ukraine and Moldova in multilateral economic projects and the free trade zone does not, however, mean that the

¹⁰ Ян Томбінський підтримує ініціативу щодо створення спільного економічного простору між країнами «Східного партнерства», 25/08/2016, <http://www.unian.ua/politics/1487401-tombinskiy-pidtrimue-initsiativu-schodo-stvorenniya-spilnogo-ekonomichnogo-prostoru-mij-krajnami-shidnogo-partnerstva.html>

¹¹ Розпорядження Президента України №253/2016-пн, 27/09/2016, <http://www.president.gov.ua/documents/2532016-rp-20539>

parity of their relations will be preserved in practice. The 2016 “milk conflict” has shown that certain agreements may be revised unilaterally. In April 2016, the government of Moldova unexpectedly adopted the Resolution “On the Introduction of Measures to Protect the Domestic Market” (until 31 December 2016), causing outrage in Kyiv.¹² The resolution introduced protective quotas and duty on certain Ukrainian goods: milk and cream (10%), other dairy products (15%), butter and cheese (15-20%), meat products (15%), and cement (10%). Such protectionist measures were perceived in Ukraine with totally expected outrage (considering the long and complicated history of the Ukraine-Moldova trade relations). We have often heard from our Moldovan colleagues about the asymmetry of the markets and trade turnover of the two states as an argument justifying Chişinău's actions. While this argument can be corroborated using the language of figures, we note that the language of image loss will point in a different direction. At this stage, it is hard to calculate losses incurred due to the introduced quotas, but certain mass media headlines about the uneasy context of the Ukraine-Moldova relations easily draw attention: “Second trade front. Moldova is set to protect itself from Ukrainian exports”,¹³ “Trade wars: Moldova's Minister of Economy is coming to Ukraine”,¹⁴ “Ukraine promises an adequate response to meat and dairy quotas”,¹⁵ and others. As a result, the second quarter of 2016 was marked not by constructive dialogue but by explaining positions and deterioration of relations. Moreover, the fact that no quotas have been imposed on powdered milk or raw milk shows that

¹² *Україна провела двосторонні консультації з Молдовою щодо запровадження квот та імпортного мита на окремі види української продукції, 25/05/2016, <http://www.me.gov.ua/News/Detail?lang=uk-UA&id=ffc6fd38-e9cb-44d8-81f3-df32a4d4d9a6&title=UkrainaProvelaDvostoronniKonsultatsiiZMoldovoiuSchodoZaprovadzenniaKvotTaImportnogoMitaNaOkremiVidiUkrainskoiProduksii>*

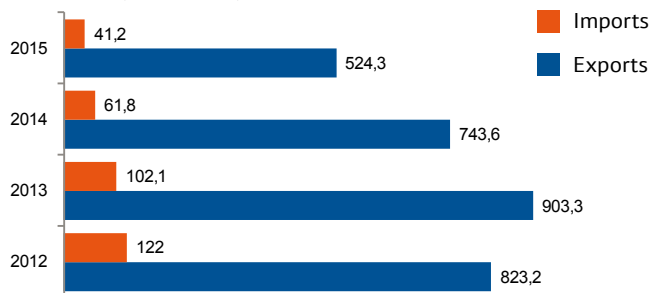
¹³ *Олена Омельченко, Другий торговельний фронт. Молдова готується захищатися від українського експорту, 21/03/2016, <http://www.eurointegration.com.ua/experts/2016/03/21/7046411/>*

¹⁴ *«Торговельні війни»: міністр економіки Молдови приїде в Україну, 19/05/2016, <http://www.ukrinform.ua/rubric-economics/2020244-torgovelnivijni-ministr-ekonomiki-moldovi-priide-v-ukrainu.html>*

¹⁵ *Україна обіцяє адекватну відповідь Молдови за квоти на м'ясо та молочну, 29/04/2016, <http://www.epravda.com.ua/news/2016/04/29/591157/>*

Moldova is interested in receiving raw, rather than finished, products from Ukraine. That also hurt the Ukrainian side as it tries to get out of the trap of a raw materials supplier for other states.

Graph 1. Ukraine-Moldova "trade in goods" statistics (million USD)



Source: State Statistics Service of Ukraine

Similar cases in bilateral cooperation have a negative impact on export and import. More important, they damage the image of the country and undermine trust. (This also applies to Ukraine, which has violated the DCFTA with the EU several times in 2016 by introducing a moratorium on the export of certain types of commodities.) Chişinău's decision also eclipsed the positive vibes in the bilateral relations that marked the beginning of 2016. The

What Kyiv perceived as an example of successful promotion of meat and dairy exports and penetration of Moldova's market became an additional headache for Chişinău

then Minister of the Agrarian Policy and Food of Ukraine Oleksii Pavlenko happily announced on 3 January that 35 Ukrainian enterprises (19 dairy producers, 11 meat producers, 3 fish producers, and 2 producers of eggs and egg products) had entered Moldova's market.¹⁶ This meant

that they had passed checks administered by Moldova's National Agency for Food Safety to make sure Ukrainian products comply with the EU standards. What Kyiv perceived as an example of

¹⁶ Павленко: Україна отримала дозвіл на експорт продукції тваринного походження до Молдови, 04/01/2016, <http://minagro.gov.ua/node/19961>

successful promotion of meat and dairy exports and penetration of Moldova's market became an additional headache for Chişinău. The pressure from Moldovan meat and dairy producers grew,¹⁷ and the acting Minister of Agriculture and Food Industry Ion Sule promised to take measures to protect domestic producers as soon as on 13 January.¹⁸ In April, Pavlenko commented on these measures: "Yesterday, the government of Moldova made a decision to introduce quotas on the import of Ukrainian meat and dairy products. This is an unpleasant surprise for Ukraine. Moldova's actions directly contradict the principles of the World Trade Organization. Moreover, such an important decision has been adopted without any consultations with the Ukrainian side. Such unilateral actions are unacceptable. We have always stood for civilized dialogue and a search for compromise."¹⁹ Whether Chişinău has hit the bull's eye or missed the target completely with its protectionist measures will become clear when statistical reports are published and Moldovan businesses show in practice their ability to compete with Ukrainian products.

Cooperation in the energy sector also needs to be reset in the future. Ukraine has lost its positions on Moldova's energy market. On the one hand, this is a consequence of a long break in the meetings of the intergovernmental commission. Its powers include the consideration of a draft Agreement between the governments of Ukraine and Moldova on cooperation in the fuel and energy sector. It also has to review the results of studies of possible synchronous unification of Ukraine's and Moldova's energy systems with the European Network of Transmission System Operators for

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¹⁷ Ангелина Таран, Молдова может остаться без молочной отрасли, 21/08/2015, http://www.noi.md/ru/news_id/67311

¹⁸ В Молдове примут меры для защиты производителей мясо-молочной продукции, 13/01/2016, <http://m.noi.md/ru/news/76482>

¹⁹ Олександр Павленко про введення квот Молдовою, 29/04/2016, <https://www.facebook.com/Pavlenko.O/photos/a.1572002046368974.1073741828.1571982419704270/1763369167232260/?type=3>

Electricity (ENTSO-E).²⁰ On the other hand, a non-transparent tender in February-March 2016 led to the cessation of Ukrainian commercial energy supply. According to the Moldovan mass media, Ukrainian companies²¹ were supplanted by the Russian Inter RAO company and the Ukrainian side offered better conditions, a lower price, and guarantees that energy would be supplied in the full amount. Nevertheless, “contracts were signed with Energokapital, a Transnistrian company that acts as an intermediary in the schemes for supplying electricity from the Kuchurgan Power Station. Experts believe that the Moldovan authorities turned down the Ukrainian offer in order to save the Transnistrian budget and maintain their vested interests in this scheme.”²² Moldova’s continued dependence on gas supply from Russia also plays a part in this situation. Unlike Kyiv, Chişinău has not diversified its energy supply. As a result, Gazprom supplies gas through Molodovgaz, a company in which it has a 50% stake, to Transnistria, where the Kuchurgan Power Station is located. This gas is not paid for by Tiraspol but is used to produce electricity. As a result, Molodovgaz has been accumulating debts before Gazprom (over USD5 billion at present), while Chişinău believes that 88% of this sum is Transnistria’s debt.²³ How Moldova is going to free itself from this gas noose and whether it will take advantage of cooperation with Ukraine and the EU to strengthen its positions in the domestic energy market depends on the Moldovan authorities. Meanwhile, Kyiv needs to

Kyiv needs to take into account that the road map proposed by the Kremlin contains wishes for the Kuchurgan Power Station to continue to supply electricity to Moldova even after the expiration of this year’s contract, i.e., after April 2017

²⁰ Protocol, pp. 11-13. For more on the financing of studies see http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art_id=245079449&cat_id=35109; http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art_id=245144936&cat_id=35109

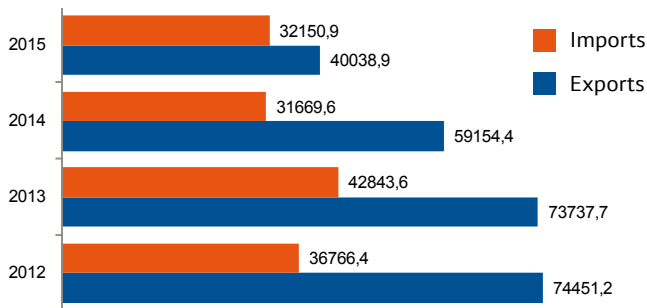
²¹ See, Повідомлення про результати аукціону з розподілення пропускну́ї спроможності міждержавних електричних мереж, 15/12/2015, <http://www.ukrenergo.energy.gov.ua/Pages/ua/DetailsNew.aspx?nID=2135>

²² Наталья Мельник, Интерес дороже денег: цена поставок электроэнергии в Молдову могла быть ниже, 21/03/2016, <http://newsmaker.md/rus/novosti/interes-dorozhe-deneg-tsena-postavok-elektroenergii-v-moldovu-mogla-byt-nizhe-23420>

²³ Молдавия надеется, что Россия одобрит реструктуризацию долга по газу, 05/07/2016, <https://ria.ru/economy/20160705/1458899117.html>

take into account that the road map proposed by the Kremlin contains wishes for the Kuchurgan Power Station to continue to supply electricity to Moldova even after the expiration of this year's contract, i.e., after April 2017.²⁴

Graph 2. Ukraine-Moldova "trade in services" statistics (thousand USD)



Source: *State Statistics Service of Ukraine*

There is another segment of the bilateral economic and trade relations that requires separate coverage – the import of Moldovan wines into Ukraine. During his visit to Odesa Oblast on 7 October 2016, President Poroshenko announced the cancellation of licenses for wholesale trade in wines made from own raw materials for Ukrainian wine producers. This is viewed as a turning point, because a license of this kind costs UAH500,000. This step, aimed at supporting Ukrainian wine producers but announced on the day when Poroshenko met with the prime minister of Moldova, may be interpreted in different ways. Moldovan companies have long complained about the difficulty of entering the Ukrainian market. It had to do with that same license, which few were able to buy and which allowed only a limited number of operators to work on the

²⁴ Владимир Соловьев, Софья Окунь, Молдавии отмерили дружбу, 14/07/2016, <http://kommersant.ru/doc/3037632>

market. It has not always been easy for Moldovan companies to find convenient distributors and importers of their wines in Ukraine. Even if the cancellation of the license does not imply positive changes for Moldovan winemakers, Kyiv should think about a possible plan for supporting them as well. Otherwise, the consequences of the Russian embargo, which has greatly weakened Moldova's economy, may turn out to be unpleasant for Ukraine. Economic hardship puts more points on the "road map" Moscow is developing for Chişinău. Some of them were voiced in the summer

Economic hardship puts more points on the "road map" Moscow is developing for Chişinău

of 2016, such as customs clearance of Moldovan wines in Krasnodar Krai, which means import by sea rather than transit through Ukraine. Leaving the undeniably important economic component aside, let us emphasize again that it is not in Kyiv's interests to create conditions for Moldova which will, albeit indirectly, push it to seek contact with Moscow. The list of points based on which Russia will build relations with Moldova if a sufficiently pro-Russian ruling party emerges in Chişinău can be seen in the abovementioned "road map".²⁵

2.3. BATTLE FOR THE DNIESTER

The Dniester is a vital water artery for Moldova, providing 70% of the country's water resources and used for supplying water to Chişinău, among other cities. The quality of drinking water, the water level, and the safety of the river's ecological system in general are on the agenda that Ukraine and Moldova have to address together. Instead, Moldovan officials often complain that their Ukrainian counterparts are unwilling to sit at the negotiations table to discuss, among other things, the issue of the Dniester Hydroelectric Station (Dniester HES-1). Its operation is believed to be the cause of water shortage and the shallowing of the Moldovan part of the Dniester. Moreover,

²⁵ Владимир Соловьев, Софья Окунь, Молдавии отмерили дружбу, 14/07/2016, <http://kommersant.ru/doc/3037632>

due to the global climate change, the water level in the river does not rise to the normal mark over the winter and spring period.

For Ukraine, the Dniester and its tributaries, in particular Zbruch, are primarily a cascade of hydroelectric power stations. According to the Program of the Development of Ukraine's Hydroelectric Power Plants until 2026, unexpectedly approved by the Ukrainian government in July 2016, dams will be built on the Dniester in six more locations. As a result, the territory of national nature parks in the Dniester Canyon will be subject to flooding when new water reservoirs are created. The program was developed by the Ministry of Energy and Coal Industry of Ukraine. The expected outcome, according to Prime Minister Hroisman, is "an increase of the share of hydroelectric power in the general structure of energy production to 15.5%".²⁶ It is not clear whether the implementation of this program will be a step toward strengthen Ukraine's energy efficiency, as its initiators hope, but the fact that it endangers the ecosystem of the Dniester is beyond doubt. After all, the situation with the Zbruch may be repeated in the case of the Dniester – in the summer, the water level in the former drops below the level necessary for launching the hydroelectric power station. The government's program, adopted without the necessary discussion and expert examinations, has already drawn criticism from both ecologists and the Ministry of Ecology and Natural Resources of Ukraine.

The quality of drinking water, the water level, and the safety of the river's ecological system in general are on the agenda that Ukraine and Moldova have to address together

According to this ministry, "if this construction is undertaken, all natural complexes in and along the Dniester's riverbed in the Dniester Canyon National Nature Preservation Park, part of the natural complexes in the Khotynsky and Halytsky National Parks, and a number of objects in the natural reserves of other categories will be destroyed." Moreover, Minister of Ecology and Natural Resources Ostap Semerak has justly pointed out to his colleagues in the Ministry of Energy and Coal Industry that the program will have political

²⁶ Володимир Гройсман про засідання Уряду щодо енергоефективності України, 13/07/2016, <https://www.facebook.com/volodymyrgroisman/posts/408352692666984>:

consequences. First, it involves a breach of the Agreement between the Cabinet of Ministers of Ukraine and the Government of Moldova on Cooperation in the Protection and Sustainable Development of the Dniester River Basin (signed in 2012 in Rome, ratified by Moldova, and prepared for ratification by Ukraine). The agreement stipulates coordination of the joint actions of both states regarding the development of the entire Dniester River basin. Second, unilateral decision making regarding transboundary watercourses is a violation of the Espoo Convention which calls for holding international consultations in advance.²⁷ However, the arguments of the Ministry of Ecology and Natural Resources have not been taken into account with regard to proper state environmental assessment of the draft Program, environmental impact assessment in the area of future hydroelectric power facilities, or respect for Ukraine's international commitments.

Therefore, there is every reason to believe that Moldova's Ministry of Environment will find people in Ukraine's Ministry of Ecology and Natural Resources with similar views on the threats of the projects aimed at "drowning the Dniester in electricity"

While the Ministry of Energy and Coal Industry is looking under its feet ignoring environmental threats posed by the plan to build cascade hydroelectric power plants, Germany, for one, recognizes climate change as a fairly serious challenge to the German security policy.²⁸ Moreover, shortage of water resources is viewed as a cause for future regional conflicts. The consequences

of dry years show that Ukraine will have to face the water issue. Therefore, there is every reason to believe that Moldova's Ministry of Environment will find people in Ukraine's Ministry of Ecology and Natural Resources with similar views on the threats of the projects aimed at "drowning the Dniester in electricity". This will be facilitated by the latter ministry's consistent policy of introducing integrated water resource management based on the basin principle in line

²⁷ Text of the letter: http://menr.gov.ua/images/blog/news/12_07_2016/Program_gidroenergetyky.pdf

²⁸ White paper: on German security policy and the future of Bundeswehr, 2016, <http://www.new-york-un.diplo.de/contentblob/4847754/Daten/6718448/160713weibuchEN.pdf>

with Ukraine's commitments in the framework of the Association Agreement with the EU.²⁹

The immediate problem for Moldova that arises from the operation of the Dniester HES-1 is establishing a fixed amount of water discharge from the Dniester water reservoir. In order to preserve the sanitary conditions in the Moldovan part of the Dniester, this amount should be 120 m³/s (now 105-107 m³/s) and the desired amount is 180-200 m³/s.³⁰ In August 2016, the water level in the Lower Dniester fell to a critical point, jeopardizing water supply for Chişinău. The tool of interparliamentary cooperation can be used to resolve this issue and seek understanding on the amount of water discharge that would satisfy both sides..

However, there are issues that need to be resolved between the environment ministries of the two countries, without the involvement of Ukraine's Ministry of Energy and Coal Industry. They have accumulated due to long breaks between interagency consultations and include, among other things, the pollution of the Dniester caused by malfunctioning sewage disposal plants. Waste discharged from Soroca and other Moldovan cities is a burning issue as it endangers the Lower Dniester in Odesa Oblast and water supply for Odesa. The Ukrainian side would find it acceptable to inspect enterprises located along the Lower Dniester. The Dniester pollution issue was acknowledged by the Head of the Directorate of Moldova's Hydrometeorological Service Valeriu Kazak

Waste discharged from Soroca and other Moldovan cities is a burning issue as it endangers the Lower Dniester in Odesa Oblast and water supply for Odesa

²⁹ Остап Семерак: «В Україні наповненість річок знизилася до 20% від норми», 10/10/2016, <http://www.menr.gov.ua/press-center/news/123-news1/5352-v-ukraini-za-ostanni-kilka-rokiv-sposterihaietsia-zmenshennia-rivnia-vodnosti-serednia-napovnenist-richok-standovyt-20protsent-vid-normy>

³⁰ Наталья Мельник, Мокрого места не останется. Что происходит с рекой Днестр, 12/08/2016, <http://newsmaker.md/rus/novosti/mokrogo-mestane-ostanetsya-chto-proishodit-s-rekoy-dnestr-26695>

after he visited various parts of the river and, in particular, the area around Soroca.³¹

Additionally, the Ukrainian side has emphasized throughout the years the need to resolve the issue of waste waters from Moldova's territory polluting the Kyrhyzh-Kytai River (in the Dniester River basin) in Odesa Oblast. It has been established that the wastes come from Moldovan wineries and the Tvardița city sewage system.³²

In order to cut through this knot of problems, the sides need to leave their long trail of recriminations in the past and tap into international experience to figure out how to turn the Dniester into a joint project of integrated water resource management

In order to cut through this knot of problems, the sides need to leave their long trail of recriminations in the past and tap into international experience to figure out how to turn the Dniester into a joint project of integrated water resource management. The Global Environment Facility has allocated almost USD2 million for a Moldovan-

Ukrainian project "Enabling transboundary cooperation and integrated water resources management in the Dniester River basin" so that such experience could be acquired.³³ Cooperation mediated by the OSCE and the UN Economic Commission for Europe continues, in particular through the project "Climate and security changes in the Dniester River basin". Under this project, Ukraine and Moldova must find mechanisms to preserve the Dniester River basin because, as has been established, climate change causes uneven precipitation, leading to both floods and droughts. Therefore, if effectively used, multilateral cooperation may become the much needed negotiations platform for Ukraine and Moldova.

³¹ Наталья Мельник, *Мокрого места не останется. Что происходит с рекой Днестр*, 12/08/2016, <http://newsmaker.md/rus/novosti/mokrogo-mestane-ostanetsya-chto-proishodit-s-rekoy-dnestr-26695>

³² Денуатський запит народного депутата України Кіс-се А.І. від 29 січня 2016 року: http://w1.c1.rada.gov.ua/pls/zweb2/wcadr_document?DOCUMENT_ID=68467&DOCUMENT_TYPE=1

³³ GEF Project on the Dniester River Basin, <http://dniester-basin.org/materials/2321-2/>

2.4. ETHNIC MINORITIES: PROBLEM OF SELF-IDENTIFICATION

The Ukrainian minority in Moldova is often called the “forgotten diaspora”. This can be taken as a summary evaluation of diaspora policy pursued by Kyiv, which has yet to develop effective modern information and education policy on Ukrainians living abroad. In the conditions of a “hybrid war”, this means that Ukraine cannot view the Ukrainian minority (8.34% of Moldova's citizens;³⁴ 28.8% of Transnistria's residents³⁵) as its unambiguous soft power in the neighboring country. This situation has a long history.³⁶ The Ukrainian community in Moldova is scattered, fragmented, and plagued by internal contradictions. Thus, the efforts of Ukraine's embassy in Moldova are again focused on coordinating representatives of the Ukrainian communities in Chişinău, northern Moldova, and Transnistria. In doing so, attention should be evenly distributed among Ukrainians in all regions of Moldova rather than focused largely on Ukrainians in Transnistria, as was the case earlier. To this end, activities are developed mainly to bring the Ukrainian position on Russian aggression to the attention of ethnic Ukrainians living on the left and right banks of the Dniester. The embassy also organizes information events with the active public activity of Ukraine's ambassador and the use of various institutions platforms to convey information about Ukraine. There is an understanding that the best counter-propaganda is positive information about Ukraine's successes, particularly with reforms. Publication initiatives regarding the history of the Ukrainian community in Moldova are also supported. However, all of these

There is an understanding that the best counter-propaganda is positive information about Ukraine's successes, particularly with reforms

³⁴ Natalia Belitser, Valeriu Chiveri, Vlad Kulminski, Martin Sieg, *Integration of national minorities in the post-soviet space – Ukraine and the Republic of Moldova*, December 2015, <http://iwp.org.ua/img/Integration-of-national-minorities-in-the-post-soviet-space-Ukraine-and-the-Republic-of-Moldova-final.pdf>

³⁵ Український інтерес в Придністров'ї, 8/11/2011, <http://tyzhden.ua/World/34859>

³⁶ For more details, see «М'яка сила» України в Молдові [Інститут світової політики], 8/11/2011, <http://glavcom.ua/publications/115824-%C2%ABm%E2%80%99jaka-sila%C2%BB-ukrajini-v-moldovi.html>

activities do not reach a wide audience. An effective information campaign requires that Ukrainian information products find their way into Moldova's information space, which is dominated by Russian content. To change the situation, commercial Ukrainian TV channels need to broadcast to Moldova and Ukrainian and Russian-language contents need to be promoted, which, in its turn, requires the development of a multimedia platform for Ukraine's foreign-language broadcasting (for example, using the facilities of Ukrinform+ UA/TV and Hromadske-TV).³⁷ Romania is making progress along this line as it works to create a common information space with Moldova broadcasting content in Romanian and Russian in order to combat Russian misinformation.

Ukrainians in Transnistria are objects of a policy in which language is used as a tool to construct the type of Ukrainian ethnic minority that suits the authorities

Time is another undeniable factor influencing the situation of the Ukrainian minority and assimilation processes. Twenty-five years of residence in an independent Moldova, a passport allowing visa-free travel to the EU, interethnic marriages, etc. – all of these factors affect self-identification. Moreover, Ukraine does not offer any significant carrot that would encourage Moldovan Ukrainians to maintain their ethnic identity. Ukrainian passports many Ukrainians living on the left bank of the Dniester received are more of a practical necessity which greatly simplifies border crossing than a marker of patriotism. Thus, it is no surprise that the number of schools in which the Ukrainian language and literature are studied as subjects is decreasing (from 78 in 2000-2001 down to 50 at present). These subjects are taught primarily in Russian-language schools, which are losing their attractiveness in comparison with schools with Romanian as the language of instruction, it is easy to see that these efforts to maintain Ukrainian identity are superficial. The only Ukrainian gymnasium is located in the village of Unguri in Ocnița district, and its unique character makes it a stand-alone cultural and artistic center for the Ukrainian community. Four more (previously six) Ukrainian-language schools remain on the left bank of the Dniester. In line with Tiraspol's ethnic

³⁷ Some steps have already been taken in this direction: <http://mip.gov.ua/news/1307.html>.

policy aimed at fighting Romanization, Ukrainian has the status of an official language (along with Cyrillic Moldovan and Russian). It is also taught as a separate subject in the majority of Transnistrian schools. Recently, Tiraspol started to censor textbooks received from Ukraine, disagreeing with their content. Thus, Ukrainians in Transnistria are objects of a policy in which language is used as a tool to construct the type of Ukrainian ethnic minority that suits the authorities.

The situation with Ukrainian subjects in schools may deteriorate within the next couple of years. That Ukraine is losing its attractiveness and positions in Moldova's education sphere is evidenced by the fact that the Ukrainian studies have essentially disappeared from the Alecu Russo Bălți

The mere availability of budget-financed quotas for Moldovan high-school graduated Ukrainians in Ukraine is not enough; there is a need for a separate information campaign to present the top Ukrainian universities, at the very least

State University due to a lack of interest from students. Another complication is the delay with the extension of the validity term of the Protocol between Ukraine's Ministry of Education and Science of Ukraine and Moldova's Ministry of Education on cooperation in education. The previous protocol, which expired in 2014, regulated education exchange, advance training for university teachers, and the introduction of budget-financed quotas for Moldovan high-school graduated Ukrainians in Ukraine. As a result, no such quotas were included in the 2015 and 2016 university admission campaigns. For other reasons, the number of Ukrainians from Transnistria in Ukraine's education institutions has also decreased. (The Ministry of Education and Science has allocated places for 100 such students.) It is not the first time when Moldovan Ukrainians fail to fill the quotas provided. It also means that it is high time to change the approach to popularizing education services in Ukraine. The mere availability of quotas is not enough; there is a need for a separate information campaign to present the top Ukrainian universities, at the very least. These universities should also be interested in this. The realities of our time are such that we need to fight for every student. This is what Romania does well, allowing for 3,000 budget-financed students, and Russia, which provides scholarships to essentially cultivate the Moldovan and Transnistrian elites it needs.

At the same time, Ukraine should not copy the Russian education policy in Transnistria. In conditions when the situation with Donbas conflict settlements in many ways resembles the path of Transnistria region, no agreements should be made between Tiraspol and Ukrainian legal persons. Politically, Kyiv would do well by not extending the licenses for the branches of MAUP and the Odesa Law Academy in Transnistria, because previously, for these branches to function, the Ukrainian universities had to sign separate memorandums on cooperation with the “Ministry of People’s Education of Transnistria”.³⁸ Moreover, the experience of 2014-16 shows that this kind of policy regarding Ukrainians in Transnistria, just like obsession with the Ukrainian citizenship of Transnistria residents (at least dual citizenship is generally widespread), has fallen short of expectations. The predominance of Russian propaganda has blocked out signals from Kyiv, while the Russian interpretation of events is extremely widespread.

The predominance of Russian propaganda has blocked out signals from Kyiv, while the Russian interpretation of events is extremely widespread

As far as the political sympathies of ethnic Ukrainians in Moldova are concerned, Poroshenko (an overwhelming majority of votes) and Serhii Tihipko were the leaders in the snap presidential elections in 2014.

Both politicians are closely linked to Moldova. However, the voter turnout was extremely low: some 770 persons out of nearly 70,000 registered voters cast their ballots.³⁹ A similar situation was observed in the early parliamentary elections in 2014. This, too, suggests that Moldova’s Ukrainian community is not integrated in political processes taking place in Ukraine. Moreover, the low voter turnout may be attributed to the negative attitude to events in Ukraine after February 2014. Social surveys showed that 55% of Ukrainians in Moldova did not support the Maidan (36% across the country), 36% thought Russia’s military intervention in the Crimea was justified, 17% thought it was not justified, and 20% found it hard to answer the question (26%, 39%, and 15% across the country,

³⁸ Тираспольський філії МАУП – 10 років!, 15/04/2010, http://maup.com.ua/ua/pro-akademiyu/novini1/usi-novini1/tiraspol'skiy_filii_maup_10_rokiv.html

³⁹ Протокол Центральної виборчої комісії про підсумки голосування в межах закордонного виборчого округу, http://www.cvk.gov.ua/info/protokol_zvo_28.05.2014.pdf

respectively). Russia's decision to annex the Crimea was perceived as the expression of people's will by 74% of Ukrainians in Moldova (50% across the country), while 72% of the respondents personally supported this decision (40% across the country).⁴⁰ Thus, the Ukrainian diaspora in Moldova can be viewed as one of the most pro-Russian communities in this country.⁴¹

The challenges of self-identification are faced also by the Moldovan ethnic minority in Ukraine. Moldovans or Romanians? The answer to this question has never been easy and has been politicized since 1991. It is believed that Ukraine needs to facilitate understanding within this community.

It is important for Ukraine to develop more inclusive policies and do a better job of integrating the Moldovan community into Ukrainian social and political life, helping to strengthen a pro-Ukrainian, rather than pro-Russian, position

Natalia Belitser, an expert in the Pylyp Orlyk Institute of Demography, says that Ukraine would handle the role of a neutral moderator. Chernivtsi could become a place of dialogue as an intersection of Romanian, Moldovan, and Ukrainian culture. The Moldovan community in Chernivtsi and Odesa is considered to be less organized in comparison with the Romanian community and less engaged in regional politics. In Odesa Oblast, where the Moldovan ethnic community is largely concentrated, there is a need to develop ethnic culture and support the development of Moldovan schools, which is successfully being done by Moldova's embassy in Ukraine. At the same time, Romania's soft power affects self-identification of citizens in favor of Romanian, rather than Moldovan, identity.⁴² On the other hand, visa liberalization between Moldova and the EU has

⁴⁰ *Barometer of Public Opinion – April, 2014*, <http://www.ipp.md/libview.php?l=en&idc=156&id=681>

⁴¹ *Соправе: Марчин Косенковский, Вильям Шрейбер, Национальные меньшинства Молдовы и их отношение к европейской интеграции, Ноябрь 2014*, https://www.ifri.org/sites/default/files/atoms/files/ifri_rnv_81_rus_moldova_minorities_november_2014_0.pdf

⁴² *Natalia Belitser, Valeriu Chiveri, Vlad Kulminski, Martin Sieg, Integration of national minorities in the post-soviet space – Ukraine and the Republic of Moldova, December 2015*, <http://iwp.org.ua/img/Integration-of-national-minorities-in-the-post-soviet-space-Ukraine-and-the-Republic-of-Moldova-final.pdf>



increased the soft power of the Moldovan passport in the eyes of Ukrainians.

Diasporas are, by definition, fairly conservative and closed communities, so it is important for Ukraine to develop more inclusive policies and do a better job of integrating the Moldovan community into Ukrainian social and political life, helping to strengthen a pro-Ukrainian, rather than pro-Russian, position. This also necessitates the translation of materials about the political situation in the region, Russian misinformation, etc. into the languages of the minorities. The idea is not to assimilate the Moldovan minority but to generate its interest in Ukrainian information products.

2.5. INTEGRATED BORDER MANAGEMENT AND CROSS-BORDER COOPERATION. TRANSNISTRIA

The issue of the state border between Ukraine and Moldova involves several important areas of cooperation: creating joint crossing points on the Ukraine-Moldova border (under the 1997 agreement, seven such points are to be set up), strengthening control on the Transnistrian part of the border, completing border demarcation (the issue is almost settled and concerns approximately 5 out of the 1,222 km of the border⁴³), railroad connection, and combatting smuggling, illegal migration, and trafficking in human beings. The non-demarcated part of the border consists of several stretches: 3.2 km on the Transnistrian part of the Ukraine-Moldova border, some 500 m near the Port of Giurgiulești in the south, and on the

⁴³ Іван Гнатишин, Надзвичайний і Повноважний Посол України в Республіці Молдова: Я порівняв би Придністров'я з неконтрольованими районами Донбасу, 18/08/2016, <http://www.ukrinform.ua/rubric-politycs/2068348-ivan-gnatisin-nadzvacajnij-i-povnovaznij-posol-ukraini-v-respublici-moldova.html>

dam on the Dniester HES, which remains the most problematic part of the negotiations at present.⁴⁴

In 2014-16, the Transnistrian part of the border was under enhanced control of the Ukrainian border guards. The National Guard was involved in the protection of the border, according to a decision of Ukraine's National Security and Defense Council. Moreover, engineering works were started to increase the protection of the border strip. Passport control has become stricter with Russian citizens being subjected to especially close examination. These measures have led to a decrease in the number of border crossings and the amount of contraband.

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Importantly, all of this is implemented with the assistance of the EU Border Assistance Mission to Moldova and Ukraine (EUBAM), whose headquarters is located in Odesa since 2005. The mission is also represented in Chişinău where it has a Liaison Office and where the unit for Transnistria settlement was moved from Odesa in 2015. The EUBAM's staff is also present directly at border crossing points where five field offices have been set up: Giurgiuleşti and Otaci with a unit in Criva in Moldova, Odesa and Chornomorsk (on the premises of the Odesa Portside Plant), Kotovsk with a unit in Pishchanka, and Kuchurhan in Ukraine. Cooperation with Ukrainian and Moldovan border guards is built according to the objectives of each crossing point. The overall principle is to take into account the special features of a crossing point and strengthen the necessary components. These can take the form of recommendations about improving border and customs control procedures, which is part of the Europeanization of the border guard service; assistance with customs control in ports; recommendations about the introduction of a complex of activities to monitor, assess, and analyze risks, exchange information, create an interagency network, and form mobile units. The most important

⁴⁴ EUBAM: *Годовой отчет, 1 декабря 2013 – 30 ноября 2014*, http://eubam.org/wp-content/uploads/2015/05/20150512153636830574Report_2015_RUS.pdf

component is training, transfer of experience, and acquisition of new skills in the workplace.⁴⁵

The positive impact of the mission's activities on the Ukraine-Moldova dialogue between the border guard services and the customs services is hard to overestimate. It has led to the implementation of national strategies to introduce integrated border management, an important agreement about joint control at the Kuchurhan-Pervomaïsk checkpoint (Transnistrian part of the border) in Ukraine and the no less symbolic agreement on the automated exchange of data about border crossings between Ukraine and Moldova. In practice, this means that Moldovan border guards will have complete information about the movement of people and goods from Ukraine via Transnistria and that border security will be enhanced. Moreover, the construction of the Maiaky-Palanca-Udobne joint border crossing point (set to be commissioned in 2018) in the territory of Moldova and the reconstruction of the Reni-Giurgiulești border crossing point in Ukraine will soon be launched. All of this will speed up border crossing according to the "one stop, one window" principle, which is expected to stimulate economic growth in the region. Moreover, modern equipment with connection to the Interpol database has been installed at the existing border crossing points. The Eastern Partnership member states may eventually introduce their own Schengen-like format, but so far the partnership envisages financing for joint border crossing points between Ukraine and Moldova. Funds have already been allocated to construct the Palanca border crossing point, while no decision has yet been adopted regarding Kuchurhan. Hopefully, the solemn speeches at the meeting between President Poroshenko and Premier Filip on 7 October in Odesa Oblast will not be empty promises.

The Transnistrian part of the state border is one of the most problematic ones for Ukraine. On the one hand, the plain terrain is easily penetrable. On the other hand, the poor population of the border area has engaged in smuggling for years. Since the unrecognized Pridnestrovian Moldavian Republic was declared, the schemes for smuggling cigarettes and alcohol have been a true

⁴⁵ *Де ми працюємо?* <http://eubam.org/ua/where-we-work/>

challenge to the law enforcement bodies of the two states, requiring the persecution of local smugglers and the fight against international organized crime. After the signing of the DCFTA with the EU, the fight against smuggling has been among Ukraine's commitments before the EU. Therefore, the EUBAM has defined smuggling, particularly of tobacco products, as one of its key initiatives. One of its elements is creating a mechanism for constant exchange of information about the transportation of "suspicious batches of cigarettes" between the two countries.

A positive result of this cooperation is the integration of Ukrainian and Moldovan customs officers in the EU's law enforcement and customs systems. In particular, the fight against smuggling involves daily communication with the European Anti-Fraud Office (OLAF), the SELEC center, and Frontex. Moreover, EUBAM experts come from 13 EU member states and share the experience of their countries. Another type of cooperation is fighting against the smuggling of firearms and ammunition from Transnistria. The mission is currently also focused on the gradual transfer of obligations to organize joint activities to Ukraine and Moldova as it prepares for its mandate's expiration. (Danubius, a joint border protection operation, can be an example here.)⁴⁶

A positive result of this cooperation is the integration of Ukrainian and Moldovan customs officers in the EU's law enforcement and customs systems

In terms of how closely the two countries follow Europe's advice, Moldova is ahead of Ukraine. As of the end of 2015, progress was as follows:

- 1) Moldova's customs service had started implementing its strategy to fight illegal trade in tobacco products, something the mission had urged it to do, while Ukraine had only taken the advice into consideration and was preparing to launch the preparatory stage;
- 2) Moldova had cut the number of mandatory documents for customs clearance from 11 to 3, while Ukraine had only

⁴⁶ EUBAM: *Годовий отчет, 1.12.2014-30.11.2015*, http://eubam.org/wp-content/uploads/2016/02/Report_2016_RUS.pdf.

improved post-clearance procedures in the ports of Odesa and Chornomorsk;

- 3) Ukraine had not started – and has yet to start at the time of writing – implementing the concept of authorized economic operators as required under the agreements with the EU, something Moldova did back in 2014. Moreover, Draft Law No. 2840 on amending the Criminal Code of Ukraine regarding criminal punishment for the smuggling of excisable and counterfeit goods (products) in large quantities has been sent back by the Verkhovna Rada for further improvement, which essentially puts it on the back burner. By adopting this law, Ukraine would have fulfilled EUBAM's recommendation and complied with the EU practice of effectively fighting smuggling through the introduction of proportional and deterrent punishment mechanisms.

In addition to increasing the effectiveness of cross-border cooperation of Ukrainian and Moldovan border guards and customs officers, EUBAM, which has renewed its participation in the 5+2 format, takes care of activities to build trust between Chişinău and Tiraspol. The positive results in 2015 were as follows, according to the mission's staff:

- 1) achieving understanding on the mutual recognition of insurance policies to facilitate the freedom of movement;
- 2) Chişinău implemented a temporary system allowing vehicles with Transnistrian license plates to cross the border with Ukraine if driven by the owner or an authorized person living in Transnistria.⁴⁷ The main objective of the mission is to promote the freedom of movement of people and goods between the two banks of the Dniester.

Ukraine's new policy on Transnistria has generated more work for Europeans. On 18 March 2015, the Cabinet of Ministers of Ukraine issued resolution No. 117 under which excisable goods cannot be moved across the Transnistrian part of the border (in Kuchurhany and Platonovo).

In terms of how closely the two countries follow Europe's advice, Moldova is ahead of Ukraine

⁴⁷ EUBAM: *Годовой отчет...*, p. 3.

This stopped the import and export of alcohol, alcoholic drinks, and tobacco goods. This move was viewed by Tiraspol as “economic blockade”. In contrast, Ukrainian diplomats used calming rhetoric, emphasizing again and again that Ukraine could not impose economic blockades on territories where Ukrainian citizens live⁴⁸. Moreover, the Ukrainian side underlined that the resolution pertained to just a handful of goods. As a result of this decision, Transnistria was able to receive import from Ukraine only via Moldova-controlled border crossing points. To resolve this problem, EUBAM suggested a mechanism of issuing licenses to business operators from Tiraspol in Chişinău. The initiative lasted for several months. At the same time, the mission developed recommendations for strengthening customs cooperation between Odesa, Chişinău, and Tiraspol through data exchange, harmonization of customs policies, etc. Considering that the majority of initiatives were developed in the format of the 5+2 working group, they fit well with the OSCE’s overall concept. In the summer of 2016, during the Germany OSCE chairmanship, its Minister for Foreign Affairs Frank-Walter Steinmeier voiced similar points in line with the concept of “small steps” to reintegrate Transnistria. A large group of experts in think tanks and some Moldovan officials were skeptical about the prospects of such steps and insisted that the decisions of the Transnistrian authorities could not be recognized as legitimate.⁴⁹

A large group of experts in think tanks and some Moldovan officials were skeptical about the prospects of such steps and insisted that the decisions of the Transnistrian authorities could not be recognized as legitimate

In June 2016, the sides agreed to consider the social block of issues: recognition of diplomas issued in Transnistria; the use of vehicles with Transnistrian license plates in international road traffic; the issue of telecommunications and the communications between the two banks

⁴⁸ Тимчасовий повірений у справах України в Республіці Молдова Геннадій Алтухов зустрівся з главою Придністров'я Євгенієм Шевчуком, 02/07/2015, <http://mfa.gov.ua/ua/press-center/news/37910-timchasovij-povirenij-u-spravah-ukrajiniv-respublici-moldova-gennadij-altuhovzustrivsya-z-glavovu-pridnistrovja-jevgenijem-shevchukom>

⁴⁹ Declaration of the Civil Society regarding the Red lines on the Trnsnistrian Settlement. Chisinau, August 21st, 2016, <http://www.ape.md/libview.php?l=ro&idc=154&id=2322>

of the Dniester, etc. EUBAM said a year ago that Chişinău would be pushed to make decisions: "Chişinău should preserve its reintegration policy and be prepared to strengthen cooperation with Tiraspol through compromise solutions until economic integration between the two banks can be achieved. The relevant Chişinău agencies should also continue to cooperate with the Transnistrian business with a view to facilitating trade across the line (trade between the two banks of the River Dniester) through the elimination of technical barriers including tax harmonization."⁵⁰ The mission's position is understandable, considering the fact that the Association Agreement and the DCFTA between Moldova and the EU extends to Transnistria. The relocation of the Liaison Office from Odesa to Chişinău and the discussion in narrow circles of plans to shut down the office in Odesa and strengthen EUBAM's representation in Chişinău show that the priority of mission's further activities is the economic reintegration of Transnistria into the framework of AA and DCFTA implementation. Thus, European attention is focused on developing technical mechanisms for increasing cooperation between Chişinău and Tiraspol, assisting Transnistria in meeting the conditions for the DCFTA, and leaving the complicated political context aside. Whether economic measures will succeed in changing the political realities on the left bank of the Dniester is an open question. So far, the results of foreign economic activity for 2015 suggest that Transnistria exports mainly to the EU (65%), Russia (16%), and other markets (20%)⁵¹.

2.6. TRANSNISTRIA: POLITICAL ISSUES

Ukraine's policy on Transnistria can be divided into two periods – before and after 2014. Russia's aggression against Ukraine in 2014 finally forced Kyiv to take measures which it was too busy to implement during the previous period and which were welcomed in Chişinău. This makes it possible to say Russia's aggression against Ukraine in 2014 caused the

Ukraine's policy on Transnistria can be divided into two periods – before and after 2014

⁵⁰ *Annual Report 2015, p. 28.*

⁵¹ *Ibid.*

Ukrainian leadership to change its policy on settling the conflict in Transnistria. The Ukrainian authorities adopted a decision which led to Chişinău's increased control over Tiraspol. In addition to the abovementioned changes in the customs procedures, the most important development was the decision to denounce the "Agreement between the Government of Ukraine and the Government of the Russian Federation on the Organization of and Payment for Interstate Military Transport"⁵² and "Agreement between the Government of Ukraine and the Government of the Russian Federation on the Transit of Military Formations of the Russian Federation which are Temporarily Stationed in Moldova via the territory of Ukraine".⁵³ Thus, the Russian peacekeeping contingent in Transnistria turned out to be cut off from Russia without possibilities for further rotation. Tiraspol's foreign policy activities were also limited by Kyiv's actions, in particular because Ukraine closed its air space for private jets of Russian politicians, including Russia's special envoy for Transnistria Dmitry Rogozin.

As a president, Poroshenko was faced with a triple challenge: withdrawal of the illegal Russian contingent from Transnistria, the Russia-occupied Crimea, and Donetsk and Luhansk oblasts

Kyiv has also prioritized its interests: demilitarizing of Transnistria region through the withdrawal of the illegal Russian contingent. President Poroshenko discussed this issue with Moldova's newly appointed ambassador to Ukraine Ruslan Bolbocean at their first meeting. Poroshenko studied in a school

in Bender⁵⁴ and is well-acquainted with life on the two banks of the Dniester. He is fully aware of the context of the conflict in Transnistria and the development of the Ukraine-Moldova relations. He was the secretary of Ukraine's National Security and Defense Council and is thought to have been the mastermind behind the Viktor Yushchenko plan to settle the Transnistrian conflict in 2005. Poroshenko was the Minister of Foreign Affairs when Ukraine and Moldova entered

⁵² http://zakon3.rada.gov.ua/laws/show/643_150

⁵³ http://zakon2.rada.gov.ua/laws/show/643_088

⁵⁴ Павел Шеремет, *Земляки Порошенко из Приднестровья: злость, обиды, надежды и сочувствие*, 23/06/2015, <http://www.pravda.com.ua/rus/articles/2015/06/23/7072084/>

another phase of intensified relations. He is also thought to have business interests in Moldova.⁵⁵ However, as a president, Poroshenko was faced with a triple challenge: withdrawal of the illegal Russian contingent from Transnistria, the Russia-occupied Crimea, and Donetsk and Luhansk oblasts. Yet another challenge is the duplicity of roles in the 5+2 format and in the Normandy format. Ukraine has to negotiate with Russia, OSCE, and the EU in both formats, but in different capacities. The Kremlin is clearly using similar tactics regarding the settlement of the conflict in the Donbas and Transnistria. Kyiv needs to take this into account and prevent scenarios under which the Transnistrian issue is resolved following a Russian plan, which may later be extrapolated to the Donbas. Thus, the red lines⁵⁶ for settling the conflict in Transnistria have to be coordinated with the red lines⁵⁷ for settling the conflict in the Donbas. Russia's policy toward both territories not controlled by the central government is identical: financial and military support, strengthening pseudo-authorities, and social support for pensioners.

In view of the similarity of these conflicts and the Russian scenarios for resolving them, Kyiv would do well to develop a separate comprehensive concept for their settlement. This would require the introduction of the office of the president's special representative for conflict settlement in the post-Soviet space. By concentrating the agenda of reintegrating Transnistria into Moldova and parts of Donetsk and Luhansk oblasts and the Crimea into Ukraine in one office, this office will enhance coordination, international cooperation, and the development of a political strategy for effective implementation of the necessary decisions. That such a strategy is missing can be seen from the lack of own political agenda for both conflict regions. At the previous presidential elections in Transnistria, Kyiv banked on Yevgeny Shevchuk, who had studied in Kyiv and played the card of Ukrainian ties but got burned. At the same time, Kyiv and Chişinău should work together with the Transnistrian political elites.

⁵⁵ «М'яка сила» України в Молдові..., <http://glavcom.ua/publications/115824-%C2%ABm%E2%80%99jaka-sila%C2%BB-ukrajini-v-moldovi.html>

⁵⁶ *Declaration of the Civil Society...*<http://www.ape.md/libview.php?l=ro&idc=154&id=2322>

⁵⁷ *Implementation of the Minsk Agreements: "Red Lines" for Ukraine*, 12/10/2016, <http://iwp.org.ua/eng/public/2145.html>

Here, the same path can be followed as with the socioeconomic agenda: “talk until a Transnistrian elite emerges that will be ready to integrate politically”. However, time is also a factor here: a generation that has never lived in the united Moldavian SSR has already reached adulthood. On the other hand, the industrial resource which was accumulated back in Soviet times and has enabled economic growth is virtually depleted, while the Soviet worldview has ossified. As a result, a moment may soon come when neither of the parties will be content with the status quo.

The importance of Transnistria conflict settlement requires closer coordination between Kyiv and Chişinău

The importance of Transnistria conflict settlement requires closer coordination between Kyiv and Chişinău. It is not enough to say that this issue has to be resolved on conditions that satisfy Chişinău. There must be joint actions. This will increase the level of trust between the two capitals and will help Kyiv to separate its position as the guarantor (rather than intermediary) of the peaceful settlement in Transnistria from Russia's position. It is also important not to give Chişinău reasons to suspect that Kyiv may be supporting Russia's position. (Such suspicions originated back in the 1990s.⁵⁸) As shown by the negotiations of the 5+2 group in 2016, the coordination of Kyiv's position with Berlin at the cost of concessions that will need to be made by Chişinău should be revised, because it may backfire on the Donbas conflict settlement. It is important for Ukraine to understand that Moldova requires its support in settling the Transnistria conflict as it cannot single-handedly rebuff Russia's plans.⁵⁹ Moreover, Kyiv does not want to end up facing Russia all by itself in negotiations about the Donbas. That is why cooperation in this issue is a strategic necessity for both states. At the same time, Kyiv should exert efforts to have certain checks carried out in Transnistria – an inspection of an ammunition depot in Cobasna and of an airport in Tiraspol, as well as monitoring of military exercises, which have recently become excessively regular. Since the “economic blockade” is not the best

⁵⁸ Valeriu Chiveri, *Role of Ukraine in the Transnistrian conflict settlement*, May 2016, http://ipre.md/wp-content/uploads/2016/06/Study-role-Ukr-TN_3.1.2.pdf

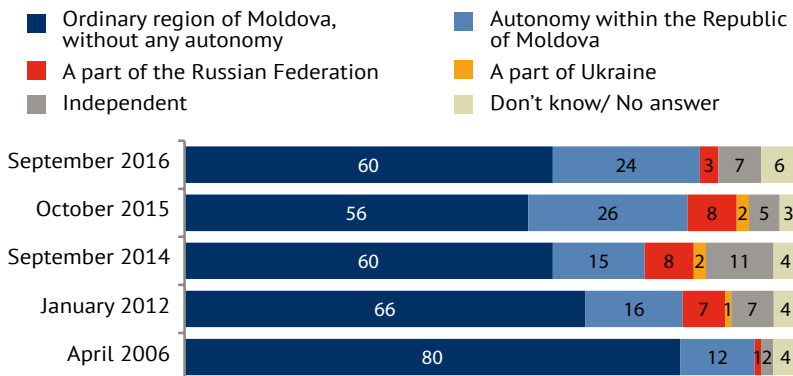
⁵⁹ GMF: <https://twitter.com/gmfus/status/783203700672172032>

way to put pressure on Tiraspol, the OSCE and Berlin could add the abovementioned security issues to the list of “small deeds” for building trust among all sides.

Another issue that has defined the agenda of Transnistrian debates in the second half of 2016 is the special status of Transnistria, something that Chişinău needs to work on. Germany, which holds OSCE chairmanship in 2016, has played its role in intensifying the search for solutions to the Transnistria issue. Berlin does not need an escalation in yet another location near the EU. Germany's actions has led to the resumption of negotiations and galvanized the 5+2 format with new meetings, but these talks are unlikely to produce any significant outcomes, primarily because they coincide in time with two presidential campaigns – in Moldova (30 October) and Transnistria (11 December). Tiraspol has already shown that it sees political benefits in strengthening relations with Russia in every way in the context of the election campaign. By issuing a decree to bring Transnistrian legislation in line with Russian laws in order to reflect the results of the 2006 referendum and later join Russia, Shevchuk opened his card in the fight for the extension of his presidential career. Vadim Krasnoselski, the favorite in the presidential race, is doing the same thing – an interview with him was aired on the First Channel during his visit to Moscow in late September. The topic was the importance of keeping the Russian peacekeeping mission in Transnistria and Russia's economic and humanitarian assistance.

A September 2016 poll in Moldova shows that attitudes have changed to the possible scenarios for the conflict's resolution in the context of discussions about a special status for Transnistria. There is, again, an increase in the percentage of those who believe that Transnistria should be an ordinary region of Moldova without autonomy status. (If the special legal status of Gagauzia is extended to Transnistria, two regions will be removed from Chişinău's control.) Fewer people now believe that Transnistria could join Russia or its independent status could be recognized. For the first time in eight years, the survey did not record any supporters of the idea of Transnistria joining Ukraine. (This group previously comprised 1-2% of the population.)

There is, again, an increase in the percentage of those who believe that Transnistria should be an ordinary region of Moldova without autonomy status

Graph 3. What do you think the future of Transnistria should be?

Source: *Public Opinion Survey Residents of Moldova, September 2016.*⁶⁰

The settlement of the Transnistria conflict should be developed in the format of trilateral cooperation between Ukraine, Moldova, and Romania

The topic of “joining Transnistria to Ukraine” has been smoldering in Moldovan public discourse since the end of the war. The idea itself has multiple sources – from the position of Ukrainians in Transnistria in the early 1990s to Moldova’s unionists. The latter view it as part of the formula: the right bank joins Romania, while the left one joins Ukraine. Igor Smirnov and Shevchuk have also used it, particular in the 2011 campaign. After all, Ukrainian voters comprise a third of the population in the unrecognized republic. Thus, discussions about Transnistria’s Ukrainian future should be viewed as part of Moldova’s internal discourse. In the context of the new presidential campaign, there is no reason to speak about the re-emergence of this topic. Russian propaganda has hit its mark – the attitudes of local ethnic Ukrainians to Ukraine have greatly deteriorated.

⁶⁰ *Public Opinion Survey Residents of Moldova, September 2016*, http://www.iri.org/sites/default/files/wysiwyg/iri_moldova_september_2016_moldova_poll_for_review.pdf

2. Ukraine's interests toward Moldova and Moldova's interests toward Ukraine

At the same time, the settlement of the Transnistria conflict should be developed in the format of trilateral cooperation between Ukraine, Moldova, and Romania. As an EU and NATO member state, Romania can facilitate the development of a regional security strategy and also act as a guarantor of Moldova's security. Kyiv and Bucharest can agree on joint activities, such as extending the policy of closing their air space for any planes heading for Tiraspol. Joint efforts should be also stepped up to fight misinformation in Moldova (the Stop Fals! project). Another format involves using the soft power of trilateral economic cooperation. Its attractiveness will directly depend on Ukraine, which has rescheduled the date of the Ukraine-Moldova-Romania business forum in Chernitsi several times in 2016. As this format evolves, it is advisable to involve businessmen from Transnistria in cooperation to strengthen horizontal cooperation. Similar trilateral projects should be developed also in other horizontal formats, primarily between NGOs and youth. The experience of the existing regional EU projects will be useful as well.

Thus, Ukraine's policy toward Transnistria, which is currently based on the formula "negotiations need to be continued" and the support for the OSCE's position, should be more focused on closer cooperation with Chişinău. This should lead to a common strategy regarding the reintegration of territories temporarily not controlled by the central government within the entire geopolitical and geoeconomic context in the region.

Ukraine's policy toward Transnistria, which is currently based on the formula "negotiations need to be continued" and the support for the OSCE's position, should be more focused on closer cooperation with Chişinău

3. WHO IS WHO? INTEREST GROUPS AND POWER GROUPS

For Ukraine, Moldova is a state that was the first to successfully climb all steps to closer European integration and achieved visa liberalization and ratification of the Association Agreement with the EU.⁶¹ It has become a state that the promoters of European integration in Ukraine informally look up to. Visa-free travel to the EU is the most interesting aspect here. On the one hand, Ukrainian border guards can study the experience of their Moldovan counterparts and learn about changes pertaining to border control, in particular new control procedures, statistical records, biometric passport checks, and cooperation with border guards in the EU countries. On the other hand, Moldova's example can also be used to forecast the impact of visa-free travel on migration processes. In the case of Moldova, emigration to the EU did not increase. On the contrary, the migration balance became positive as migrant workers who had been staying abroad illegally were able to return to Moldova and receive biometric passports for further legal short-term stay in the EU countries.⁶² At the same time, 577,058 Moldovan citizens who had received biometric passports crossed the Schengen area border 1,400,122 times in two years, which suggests intensive cross-border traffic. However, this is merely a third of Moldovans who have biometric passports (a total of nearly 1.5 million, i.e., some 50% of Moldova's population). Tellingly, Frontex recorded a low percentage of violations (0.3-0.5%). Visa-free travel urged residents of Transnistria to submit documents to obtain biometric passports, and 98,213 persons (over 20% of the population) received

Moldova's experience shows that one should not expect that visa-free travel will lead to growing pro-European attitudes of the population

61 Алена Гетьманчук, Как обаять Евросоюз по-молдавски? 3/06/2011, http://gazeta.zn.ua/POLITICS/kak_obayat_evrosoyuz_po-moldavski.html

62 Іон Стевіле: Москві не подобається курс наших країн, Громадське телебачення, 08/08/2014; Якуб Бенедичак, Леонід Літра, Кшиштоф Мрозек, Рік без віз для Молдови. Позитивний досвід для України та Грузії, 2015, http://iwp.org.ua/img/The%20First%20Year%20of%20Visa-Free_p01-13_ukr_opt.pdf; Olga Penina, Dmitri Jdanov, Pavel Grigoriev, *Producing reliable morality estimates in the context of distorted population statistics: the case of Moldova*, MPIDR working paper WP 2015-011, November 2015, <http://www.demogr.mpg.de/papers/working/wp-2015-011.pdf>

them, according to the latest data.⁶³ The attractiveness of Moldovan (biometric) passports increased for Ukrainians.⁶⁴ At the same time, Moldova's experience shows that one should not expect that visa-free travel will lead to growing pro-European attitudes of the population. Such expectations may prove true in the mid-term or even long-term perspective. Moreover, the effectiveness of visa-free travel as the EU's soft power is conditioned by other factors, such as the success of pro-European reforms, the economic situation, and the income level of residents, which should allow them to make short-term trips to the EU.

However, corruption scandals over the past years, particularly the theft of USD1 billion from Moldovan banks by persons close to the government, have compromised not only the ruling coalition but also the EU, which ordinary citizens see as supporting the coalition. As a result, even despite the Russian embargo, the majority of respondents consider Russia the best economic and political partner for Moldova. Furthermore, 43% of the respondents would vote for Moldova's accession to the Customs Union and 40% for its accession to the EU. (In 2014, the figures were reversed, 46% for the EU and 42% for the Customs Union.)⁶⁵

Thus, Moldova is currently a country with a pro-Russian political agenda and pro-Russian population. This is reflected in the presidential election campaign. (At the elections, scheduled for 30 October 2016, the president will be elected by a direct vote for the first time since 1996.) "For Moldova!" is the campaign slogan of Igor Dodon, the leader of the Party of Socialists. He is considered a pro-Russian candidate, even though some sources suggest that he may separate agreements with Vladimir Plahotniuc, who is often called the most influential man in Moldova. Plahotniuc is

⁶³ *Doi ani de călătorii fără vize în Uniunea Europeană pentru cetățenii Republicii Moldova*, 28/04/2016, <http://www.belgia.mfa.md/news-from-moldova-ro/?news=503825>.

⁶⁴ *Dionis Cenușă, Two years since visa liberalization with EU: Advantages and risks*, 27/04/2016, <http://www.ipn.md/en/integrare-europeana/76226>

⁶⁵ *Public Opinion Survey Residents of Moldova, September 2016*, http://www.iri.org/sites/default/files/wysiwyg/iri_moldova_september_2016_moldova_poll_for_review.pdf

believed to have control over the ruling party (the Democratic Party of Moldova), law enforcement agencies, the parliamentary majority, the judiciary, the state apparatus, and the majority of mass media outlets. It is surmised that even if a pro-Russian group comes to power in Moldova, he will not lose his positions.⁶⁶ The only thing he does not control is the attitudes of Moldovan citizens: a mere 1% of Moldovans trust him and 7% have a positive attitude.⁶⁷

Moldova's political palette is very similar to that of Ukraine

Until recently, the consensus leaders of the presidential race were Maia Sandu, the former Minister of Education and leader of the Action and Solidarity Party, Andrei Năstase, the leader of the Dignity and Right Platform, and Marian Lupu, the leader of the Democratic Party, the President of the Parliament of Moldova in 2005-2009, and the Acting President of the Republic from 2010 until 2012. On 15 October, Năstase withdrew his candidacy in favor of Sandu, which greatly increased her chances of advancing to the run-off as a common candidate from the right-wing forces. Together, they form an anti-oligarchic political platform with a pro-European reform program, which is already a statement aimed at the future parliamentary elections. Sandu has been endorsed by the Liberal Democratic Party, which is now in the process of rebranding after the imprisonment of Vlad Filat on charges of stealing a billion dollars. Lupu, the candidate from the ruling party, is attracting increasing support. His popularity ratings directly depend on the successes of the executive authorities, which are expending much effort to improve the image of the Democratic Party in Moldova⁶⁸ and

⁶⁶ Kamil Calus, *Moldova: from oligarchic pluralism to Plahotniuc's hegemony*, 11/04/2016, <https://www.osw.waw.pl/en/publikacje/osw-commentary/2016-04-11/moldova-oligarchic-pluralism-to-plahotniucs-hegemony>

⁶⁷ *Public Opinion Survey Residents of Moldova, September 2016*, http://www.iri.org/sites/default/files/wysiwyg/iri_moldova_september_2016_moldova_poll_for_review.pdf

⁶⁸ Николай Пахольницкий: Андриан Канду отчитался об успехах евроинтеграции, 11/20/2016, <http://newsmaker.md/rus/novosti/andrian-kandu-otchitalsya-ob-uspehah-evrointegratsii-27800>

abroad.⁶⁹ The approval of the new IMF Assistance Program (a decision is expected in late October) will be an important victory for the ruling Democratic Party as it will help restore the banking sector and regain the trust of Western investors. Thus, Moldova's political palette is very similar to that of Ukraine.

On the eve of the presidential elections, Moldova needs to not only elect a president but also choose the way forward. Moldova being a parliamentary republic, if Sandu or Dodon are elected, further political changes will require early parliamentary elections, which may trigger another political crisis in the country. If Lupu is elected, the Democratic Party will reinforce its positions, but the question of the way forward will remain open: democratization or further strengthening of pro-European authoritarianism?

It is important for Ukraine to use this period to better its image in Moldova. This is an extremely difficult thing to accomplish, primarily because no support from the Ukrainian diaspora is to be expected. Opinion polls show that Ukrainians in Moldova continue to trust Putin, believe the Russian mass media, and sympathize with such pro-Russian politicians as Dodon and Renato Usatii. Moreover, a mere 9.8% of Moldovan citizens and 3.1% of Ukrainians in Moldova trust Poroshenko (33.6% and 87.2% trust Putin, respectively)⁷⁰, and 47% of the population believe that the relations between Moldova and Ukraine are developing well⁷¹.

In the short-term perspective, Kyiv can have a significant impact only on the way the relations between the two states are perceived if it resolves long overdue issues

⁶⁹ Andrew Higgins, *Moldova is rattled as Washington welcomes a feared tycoon*, 03/06/2016, http://www.nytimes.com/2016/06/04/world/europe/moldova-vlad-plahotniuc.html?_r=1; Vladimir Plahotniuk, *Moldova belongs in the European Union, now more than ever*, 10/2/2016, <http://www.politico.eu/article/moldova-belongs-in-the-european-union-now-more-than-ever-eu-ascension-russia-nato/>

⁷⁰ *Barometrul de Opinie Publica, Republica Moldova, Aprilie 2016*, http://www.ipp.md/public/files/Barometru/BOP_04.2016_prima_parte_finale-r.pdf

⁷¹ *Public Opinion Survey Residents of Moldova, September 2016*, http://www.iri.org/sites/default/files/wysiwyg/iri_moldova_september_2016_moldova_poll_for_review.pdf

Such a low level of trust in Poroshenko cannot be ascribed to pro-Russian attitudes only. His friendship with Plahotniuc, widely covered by the Moldovan mass media with reference to Plahotniuc's statements,⁷² may also be a factor. It was brought up again in the summer of 2016 when Ukraine extradited Vyacheslav Platonov, a businessman with dual (Moldovan and Russian) citizenship, to Moldova at the request of the Moldovan prosecutor's office.⁷³ In developing its communication strategy for Moldova, Ukraine needs to analyze all the connotations the Moldovan mass media associate with Ukraine and Poroshenko in their coverage.

In these circumstances and in the short-term perspective, Kyiv can have a significant impact only on the way the relations between the two states are perceived if it resolves long overdue issues. If Moldova's parliament passes a general ban on Russian TV channels, there will be a good chance for using Ukrainian television content as Ukraine's soft power. However, this content must be prepared and focused on constructing a positive image of the country. Ukraine needs to also be promoted with the help of tourism. The number of officially registered tourists from Moldova has dropped from 3,866 in 2012 to 294 in 2015,⁷⁴ which is likely linked to the Crimea situation. Therefore, Ukraine needs to tell Moldova about other attractive Ukrainian tourist

⁷² Плахотнюк поведал о своей дружбе с миллиардером Порошенко, 28/05/2014, http://www.noi.md/ru/news_id/41363/; Юрий Панченко, Почему ЕС уже проиграл в Молдове – репортаж из революционного Кишинева, 23/01/2016, <http://www.eurointegration.com.ua/rus/articles/2016/01/23/7043769/>

⁷³ See: Україна видала Молдові бізнесмена Платона, звинуваченого у крадіжці \$1 млрд, 30/08/2016, <http://www.eurointegration.com.ua/news/2016/08/30/7053929/>, Нэтасе: Оперативность ареста Платона может быть результатом договоренности между Плахотнюком и Порошенко – бывшими бизнес-партнерами, 28/07/2016, <http://www.moldnews.md/rus/news/81374>, Владимир Соловьев, Инна Кывыржик, Галина Васильева, Вячеслава Платона тянут на пожизненное. Бизнесмена могут обвинить в создании преступной организации, 28/09/2016, <http://newsmaker.md/rus/novosti/vyacheslava-platona-tyanut-na-pozhiznennoe-biznesmena-mogut-obvinit-v-sozdanii-pre-27591>

⁷⁴ В'їзд іноземних громадян в Україну за країнами, з яких вони прибули, у 2012 та 2015 роках відповідно: http://www.ukrstat.gov.ua/operativ/operativ2013/tyr/tyr_u/vig2012_u.htm , http://www.ukrstat.gov.ua/operativ/operativ2013/tyr/tyr_u/vig2015_u.htm

routes. An aggressive marketing campaign to promote Ukrainian products on the Moldovan market should be avoided for fear of spurring Chişinău into more protectionist measures. Instead, Ukraine's embassy should produce a guide for Ukrainian businessmen wishing to enter Moldova's market. The owners of the Green Hills Market, Furshet, and Foxtrot networks of supermarkets, which have Ukrainian investors, could be involved. One can always reasonably bank on the recognizability of Ukrainian chocolate, beer, and other Ukrainian products in Moldovan stores.⁷⁵

Parliamentary cooperation and coordination with Moldova's delegation to PACE should continue to be developed. This kind of cooperation fosters a better understanding of the situation among Ukrainian MPs. In particular, the visit of Hanna Hopko, the chairperson of the Verkhovna Rada's Committee for Foreign Affairs, to Moldova in May 2016 may result in a developed program to provide assistance in this country.⁷⁶ The Committee and the group for interparliamentary relations with the Republic of Moldova are jointly working on this program.

Parliamentary cooperation and coordination with Moldova's delegation to PACE should continue to be developed

It is important to work with Ukraine's allies among NGOs and think tanks (APE, IPP, IDIS, etc.), the EU delegation to Moldova, the Information and Documentation Centre on NATO in Moldova, and the embassies of the EU member states. It is necessary to involve Moldova's Extraordinary and Plenipotentiary Ambassador to Ukraine Ion Stevile (2010-2015), who is perfectly knowledgeable about the context of the Ukraine-Moldova relations and is an ardent supporter of the development of good neighborly relations between the two states. Oazu Nantoi, an experienced politician and expert who has criticized Ukraine's policy on Transnistria and its attitude to solving disputes on multiple occasions, speaks candidly about the Ukraine-Moldova relations. A positive example of such cooperation is the participation of Ukrainian think tanks (for example, the Institute

⁷⁵ For more details, «М'яка сила»... ,<http://glavcom.ua/publications/115824-%C2%ABm%E2%80%99jaka-sila%C2%BB-ukrajini-v-moldovi.html>

⁷⁶ Ганна Гопко: українці Молдови потребують більшої уваги України, 26/05/2016, <http://rada.gov.ua/news/Novyny/130693.html>

of World Policy) and their Moldovan counterparts (such as the Foreign Policy Association (APE)) in joint projects to study European integration processes, the issues of ethnic minorities, security strategies, etc.⁷⁷ Similar cooperation is successfully developing on the common Eastern Partnership platform.

In view of the common European integration strategy pursued by the two states, the annual debate on European integration issues in Moldova deserves a closer look. This format permits summarizing the completed European integration agenda, defining challenges, and discussing recommendations. Other events organized by Moldovan think tanks that focus on Moldova's foreign policy, the security situation in the region, and AA and DCFTA implementation would be equally useful.

Strengthening EUBAM's representation in Chişinău involves the creation of another center which will set the security and economic agenda regarding Ukraine, among other states. Cooperation with the mission's office in Chişinău will help coordinate the joint position of the economic reintegration of Transnistria.

The defense ministries of Ukraine and Moldova have shown their interest in strengthening bilateral cooperation

However, Moldova's Ministry of Defense and the Alexandru cel Bun Military Academy of the Armed Forces remain, perhaps, the most important platforms for promoting Ukraine's soft power. The defense ministries of Ukraine and Moldova have shown their interest in strengthening bilateral cooperation. Chişinău, which is currently reforming the Moldovan army, is interested in the reform experience accumulated by Ukraine's Ministry of Defense and in Ukraine's experience of waging a hybrid war.

⁷⁷ For the most recent one, see Підтримка Вишеградською четвіркою комунікаційної стратегії для Молдови, Грузії та України, 11/07/2016, <http://iwr.org.ua/ukr/public/2093.html>

4. EXISTING RISKS AND POTENTIAL CONFLICTS

4.1. ESCALATION OF THE CONFLICT IN TRANSNISTRIA

The possibility that a second front against Ukraine may be opened from Transnistria has been a topic of discussions since the beginning of Russian aggression against Ukraine. Intensive military exercises by the Russian task force in Transnistria, information about the training of subversive groups recruited from among the residents of Transnistria and northern part of Moldova's right bank of the Dniester, and explosions in Odesa suggest that such suspicions are not groundless.

Probability. *Medium to high.* There is a risk that the outcome of the presidential elections in Moldova will trigger another political crisis in which the Kremlin will seek to increase tensions, destabilizing the situation through escalation on the Transnistrian part of the Ukraine-Moldova border. Transnistria's new president may facilitate the implementation of this scenario, especially if it is supported by the Sheriff holding.⁷⁸

How to avoid? Counteraction involves the political and security components. Closer cooperation with the OSCE, control over the borders, the involvement of local self-government bodies in the border regions in the security component, and the development of activities to counteract extremists with the involvement of law enforcement agencies in Odesa, Vinnytsia, and Chernivtsi oblasts make up the minimum list of efforts to be constantly made by the Ukrainian authorities. The security situation in southern Ukraine depends on them. It is also important to take into account the role of the enemy's special operations in seizing border territories and escalating the conflict at the initial stage. Thus, a tactical plan to neutralize such

⁷⁸ Сергей Ильченко, Приднестровье: выборы «смотрящего», 18/07/2016, http://lb.ua/world/2016/07/18/340221_pridnestrove_vibori_smotryashchego.html

forces should already be in place. Moreover, closer attention should be paid to the activities of Russia's Consulate General in Odesa, which is often called the center of the anti-Ukrainian movement in Odesa Oblast. Ukraine and Moldova need to already be developing a joint action plan in the international arena in case Shevchuk's decree on Transnistria's union with Russia becomes political reality after the presidential elections in December 2016. Kyiv badly needs to gain a stronger voice in the 5+2 format and increase cooperation with Chişinău on Transnistria. This will permit building trust between the two states and will not entangle Kyiv in indirect promotion of the Russian scenario with its subsequent application to the Donbas. At present, the Russian scenario is focused on Moldova's further federalization, and Moldova will have difficulty handling it without Kyiv.

4.2. POLITICAL CRISIS IN MOLDOVA AND THE DISCREDITING OF EUROPEAN INTEGRATION

Moldova is an example for Ukraine in terms of rapid progression through the stages of European integration. Thus, Moldova was expected to be the first to show the stability of the pro-European path, visa-free travel with the EU as the soft power for reintegration processes inside the state, and the irreversibility of reforms. If a pro-Russian president is elected, the European integration successes will be jeopardized and Eurosceptics in Ukraine will have more arguments at their disposal.

Probability. *Medium.* Social surveys suggest that Moldovan society is polarized, which may lead to street confrontations involving people who will disagree with the election results. Street protests may also be stirred up by suspicions of the elections being rigged in favor of the pro-government candidate linked to Plahotniuc. The events of 2015 showed that the Moldovan

oligarch has a knack for uniting supporters of different political parties against himself. Therefore, it is crucial that the elections take place without violations.

How to avoid? Ukraine's actions should be concerned with supporting the pro-European agenda in Moldova, shaping a positive image of Moldova, and strategic planning. Ukraine cannot interfere with its internal situation but can emphasize the importance of irreversibility of its European path. Kyiv's political signals should be unambiguous: a democratic European Moldova is a priority for Ukraine. Importantly, the Ukrainian mass media need to cover positive events in Moldova. The involvement of Moldovan experts and European integrators in joint projects in Ukraine will increase cooperation and help form a positive image of Moldova's achievements. Pro-European Ukrainian parties may be interested in cooperation with Sandu's and Năstase's parties. They are a counterbalance to the Democratic Party, which is corrupting Moldova under European slogans. On an anti-oligarchic pro-European platform, these parties can turn into a force on which the EU will bank. If the political crisis in Moldova escalates, Ukraine will need to coordinate its actions with Hungary whose president enjoys great trust in Moldovan society. Furthermore, Ukraine's embassy in Chișinău needs to initiate a closed discussion about possible scenarios for Moldova involving Moldovan experts and the diplomats of the EU and GUAM member states. The Kremlin may destabilize the situation in Moldova before the run-off presidential election, so Ukraine should act preemptively.

4.3. DODON'S VICTORY IN THE PRESIDENTIAL ELECTIONS AND MOLDOVA'S PRO-RUSSIAN ORIENTATION

Polls suggest that Dodon is leading the field in the presidential race. If he wins, Moldova may fold AA and DCFTA implementation and step up cooperation with Russia.

Probability. *Medium to high.* Opinion polls in Moldova show high support for Dodon and his party and higher support for Moldova's integration into the Eurasian Union than for accession to the EU. Moreover, Putin continues to enjoy the highest level of trust from among foreign politicians and the Russian interpretation of events in Ukraine continues to be perceived as truthful. Therefore, there is a social foundation for changing the foreign policy vector. At the same time, if democratic forces rally around Sandu's candidacy, this can unite pro-European forces, which will become the pro-European opposition if they lose the presidential elections. A division of society into pro-Russian and pro-European electorates may lead to mass street protests.

How to avoid? Ukraine should develop cooperation with pro-European political forces in Moldova and at the same time position itself as a friendly state which Moldovan citizens can count on. Moldova is a parliamentary republic, and any significant changes in its foreign policy vector may take place after early parliamentary elections. Polls also show that a high percentage of voters are ready for such elections. As a result, the political crisis and confrontation between the pro-Russian candidate (if Dodon is elected) and pro-European state institutions (which are implementing a pro-European agenda, especially in the Ministry of Foreign Affairs and the Ministry of Defense) will be exacerbated after the presidential elections.⁷⁹ At the

⁷⁹ Дионис Ченуша, *Как пророссийский президент может повлиять на европейский путь Молдовы?* 15/08/2016, <http://www.ipn.md/ru/integrare-europeana/78319>

same time, the powers of a pro-Russian president may be weakened by the Constitutional Court (especially regarding various types of referendums and plebiscites and various plans for federalization that are not highly popular among citizens). Thus, further developments will largely depend also on the position of the Democratic Party and Plahotniuc personally. If this party stays in power, Russia may, too, benefit by allowing Plahotniuc to continue to unofficially rule the state and expecting the "pro-European forces" to utterly discredit the pro-European course themselves. In this situation, it will be important for Kyiv to use its contacts and knowledge of Moldova to once again emphasize for its Moldovan partners the importance of irreversibility of the country's course on European integration. If early parliamentary elections are to be held, Ukraine will need sufficient time to work out its own road map for intensifying bilateral relations with Moldova. To this end, all contentious issues of cooperation will need to be settled in the near future. This will also permit Kyiv to show its good neighborly attitude primarily to Moldovan citizens (especially with regard to the environment situation along the Dniester). Moreover, completed border demarcation also means security for Ukraine if Russia's influence in Moldova does become predominant.

4.4. FREEZING BILATERAL COOPERATION BETWEEN UKRAINE AND MOLDOVA

The diplomats of the two countries have done a lot to get the ball rolling again and resume cooperation after a long pause. Nevertheless, there is still a risk that these efforts will not lead to the signing of documents developed by the expert groups.

Probability. *Low.* Kyiv and Chișinău are showing the political will to agree on all contentious issues and move on to a new

stage in their bilateral relations. However, if officials not directly immersed in the context of the Ukraine-Moldova relations insufficiently appreciate Moldova's foreign policy direction, this may lead to delays and derail negotiations. However, there is no reason now to accuse Ukraine of using Moldova as a whipping boy, something that could be said even a few year ago.⁸⁰

How to avoid? Ukraine's Ministry of Foreign Affairs should increase coordination with other agencies involved in the activities of the Ukraine-Moldova commission and in the drafting of documents that are to be signed soon by the premiers of Ukraine and Moldova and those to be agreed upon by the intergovernmental commission. Ukrainian officials should be informed about the special aspects of the Ukraine-Moldova relations and the importance of keeping activities harmonized and coordinated between agencies. The Second European Directorate of the Ministry of Foreign Affairs of Ukraine should organize briefings for MPs engaged in interparliamentary cooperation with Moldova and participants in the negotiations process in order to inform them about progress in bilateral cooperation, discuss existing problems, and seek compromise solutions. "Nothing is agreed upon until everything is agreed upon" is a principle which requires effective team play and which should be conveyed to Ukrainian government officials.

⁸⁰ *Альона Гетьманчук, Щоденник євроатлантиста. Перезавантаження «Містера Yes» та «Містера No», 11/07/2011, <http://blogs.pravda.com.ua/authors/hetmanchuk/4e1aeac417e83/>*

5. RECOMMENDATIONS

1. Ukraine should resolve all contentious issues with Moldova and without delays agree on the date of the meeting of the next intergovernmental commission. This will be evidence that Kyiv has the political will to develop effective multilateral cooperation with Chişinău. It is important for the two sides to show readiness to leave in the past the trail of recriminations and the tactics of forcing the opponent into compromises. In the future, relations should be built on a parity basis and an understanding that both states belong to the European space. Common interests and an understanding of common involvement in the creation of a new secure and democratic space in Eastern Europe is the foundation for the future agenda of their bilateral relations.
2. The settlement of the Transnistria conflict requires close cooperation between Ukraine and Moldova. Chişinău must be sure that it can count of Kyiv's support. The two states should insist that the economic and security formats of Transnistria's reintegration are to be considered jointly. Chişinău's acceptance of the social package of agreements requires that Tiraspol implement the security package, which involves, in the short-term perspective, access for the OSCE mission to arms depots and the airport in Tiraspol, and inspection of Russia's task force in accordance with the Vienna Document.
3. The connection between the scenarios in the Donbas and Transnistria requires coordination of persons involved in international and internal political and security dialogue. This kind of coordination can be implemented and an action strategy can be developed by a special representative of the president for conflict settlement in the post-Soviet space, a position President Poroshenko should introduce.
4. Ukraine's Ministry of Foreign Affairs should apply to the EU with a request to extend EUBAM's mission in Odesa. The security situation in southern Ukraine is far from stable. If the conflict in eastern Ukraine escalates and political confrontation is exacerbated

in Moldova, the situation may spin out of control for Ukrainian law enforcement agencies. The presence of the mission and its monitoring function will be a deterring factor for the initiators of escalation backed by the Kremlin and Tiraspol. EUBAM can record border crossing violations, document them, and show them to the world community, which never took place in the early stages of Russian aggression in the Crimea and eastern Ukraine.

5. The Ministry of Foreign Affairs jointly with the Ministry of Finance and the Verkhovna Rada Committee for Foreign Affairs should develop a separate program to support the Ukrainian diaspora in Moldova. Amid a deepening economic crisis, Kyiv needs to send a signal to Ukrainians there that it can take care of them. This assistance may include social payments to pensioners and support for Ukrainian schools. Similar policies are pursued by Russia but also by the EU, which allocates financing for repairing school buildings. Therefore, the EU is another partner with which an effective long-term program for supporting the Ukrainian ethnic minority in Moldova can be developed.
6. In view of its limited financial resources and the widespread predominance of Russian propaganda in Moldova, Ukraine's embassy in Chişinău should diversify the types of its activities and communication with the public. In order to convey Ukraine's position on the geopolitical situation in the region, it should organize closed briefings for representatives of the embassies of the EU member states and GUAM. Briefings for the Moldovan mass media should be held on a weekly basis. The embassy needs to become the main center of information about Ukraine in Moldova. Moreover, the embassy's website has to also be available in Romanian and English.
7. Cooperation between Ukraine's embassy in Chişinău and the Ukrainian diaspora in Moldova requires new approaches. As a pilot project, a Ukrainian forum may be organized in Bălţi involving public activists, experts, and representatives of teams that are changing the education (e.g., Prometheus), artistic (e.g., the Art Arsenal), urban (e.g., Isolation), business (e.g., kmbs), and media (e.g., Hromadske radio), and other spaces in Ukraine. Ukrainians

in Moldova have a catastrophic need for a positive and attractive modern image of Ukraine.

8. Ukraine's Ministry of Education and Science, jointly with other agencies and think tanks, needs to develop a separate comprehensive education program for Ukrainians in Moldova. It should not only include budget-financed quotas for studies in Ukrainian higher education institutions (the necessary Protocol needs to be signed soon), but also develop a strategy for positive positioning of education services in Ukraine for Ukrainians from abroad. Developed for Moldova, it can be the first pilot project that will later be adapted to other countries.
9. The development of trilateral Ukraine-Moldova-Romania cooperation deserves to be encouraged in every possible way. This will contribute to building trust between the three states and will permit increasing security in the region. Trilateral business contacts in the format of annual business forums may lead to new institutional cooperation and foster economic integration between the three neighboring countries. The promising nature of this line of cooperation needs to be conveyed to the leadership of the Chamber of Trade and Industry in Ukraine.
10. Tours for journalists, public activists, and youth to Moldova and, vice versa, to Ukraine will help build interpersonal contacts, dispel stereotypes, and improve understanding of the special character of each of the two countries. Both Kyiv and Chişinău should improve the image of their states in the neighboring country.
11. The Dniester requires separate interagency cooperation. In the long-term perspective, the river has the potential of becoming a major tourist attraction in a Eastern Europe without borders. Instead, Kyiv's ill-advised policy may turn this deep river into a dry area, while abandoned waste treatment facilities along the lower part of the riverbed may become a hotbed of infectious diseases. Thus, the first thing the Dniester needs is a joint inspection involving Ukrainian and Moldovan officials. The voice of environmentalists from both sides and international organizations is fairly weak now, so government officials need to be shown the river to realize the urgency of the Dniester's

problems. The Ukrainian government has the experience of holding joint events to achieve better synergy. Even though collective skating did not build trust among Ukrainian politicians, it can be hoped that joint Ukrainian-Moldovan rafting on the Dniester under the patronage of the Ukrainian president will get the ball rolling. On top of everything else, it will generate some excellent PR for Ukraine and Moldova.

12. When political issues are agreed upon, cooperation between the two states will be able to extend to various spheres and will foster obtaining EU financing for joint environmental, transport, border, and energy projects. Members of the intergovernmental commission should work out a development strategy for such expanded cooperation. Furthermore, Kyiv needs to develop a plan to intensify bilateral trade and energy relations to reduce Moldova's dependence on Russia. Weakened by the Russian embargo, Moldova's economy needs new incentives for development to avoid again becoming hostage to the Kremlin's policy.

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